



Town of Arlington, Massachusetts Public Annual Financial Report

Fiscal Year Ending June 30, 2016

As part of Arlington's commitment to keeping you informed of how your tax dollars are being spent, the Town is providing you with this Public Annual Financial Report (PAFR). We are hopeful it will provide you with financial information that you find both useful and easy to access.

All data and financial information found in this report are drawn from the most up-to-date information available from the Town's Annual Report, the Town Manager's Financial Plan, the Finance Committee's report to Town Meeting, and the State's Division of Local Services (mass.gov/dor).

The PAFR provides information such as relevant summarized financial schedules and tables so residents can more easily understand the Town's financial conditions and trends. It does not present the same level of detail as any of the reports listed above. It contains reports and statements that do not present the entire financial reporting entity and may not conform to GAAP and governmental reporting standards.

Complete Town budgets can be found at arlingtonma.gov/budget.



THE TOWN OF ARLINGTON

The Town of Arlington was originally settled in 1635 as the Village of Menotomy. It was incorporated as West Cambridge in 1807, and finally named Arlington in 1867. Arlington is home to approximately 43,000 residents and is contained within 5.5 square miles.

The Town is currently governed by the "Town Manager Act of the Town of Arlington, Massachusetts," by which a popularly elected, five member Board of Selectmen appoints a professional manager to administer the daily operations of the Town.

The Town's legislative body is a representative Town Meeting, which consists of 252 elected members elected from their home precincts.

The Town Manager is the chief executive officer of the Town, managing the day-to-day business of Town departments. These departments include: Public Works, Police, Fire, Libraries, Legal, Planning, Human Resources, Information Technology, Inspectional Services, Health and Human Services, Recreation, Facilities, and the Ed Burns Arena.

Under independent authority are the Board of Selectmen, Board of Assessors, Treasurer & Collector, and the Town Clerk. The Comptroller is appointed by the Board of Selectmen. The School Committee handles school administration and appoints the Superintendent. All departments consist of approximately 800 full-time employees.

IN THIS REPORT

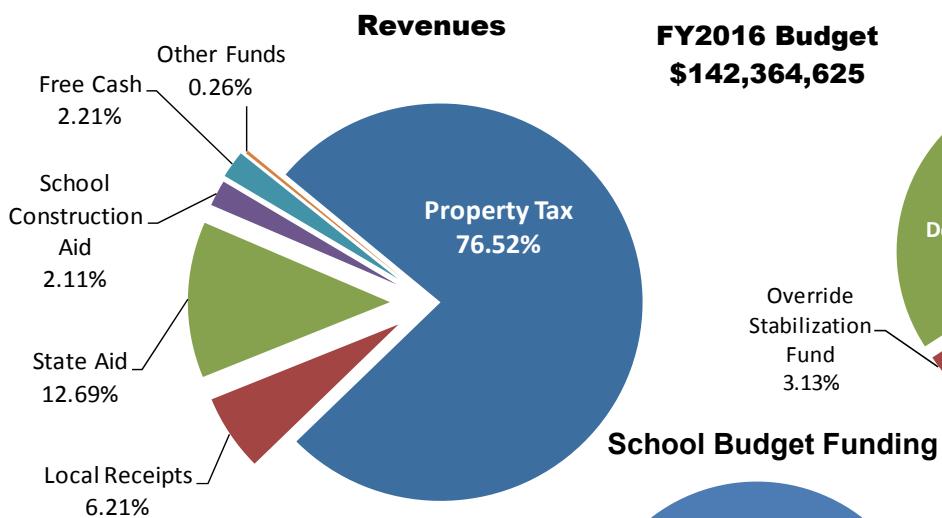
The information in this report is a snapshot of the Town's basic financial condition. It is a summary of where Arlington is now and how it compares to other, similar communities.

On **Page 2** you will find a breakdown of Arlington's revenues and expenditures. As you will see, Arlington's primary source of revenue is the Property Tax, followed by State Aid. Also on Page 2 is a budget summary and projection for FY2017 that provides more detail on the year-to-year growth of the Town budget.

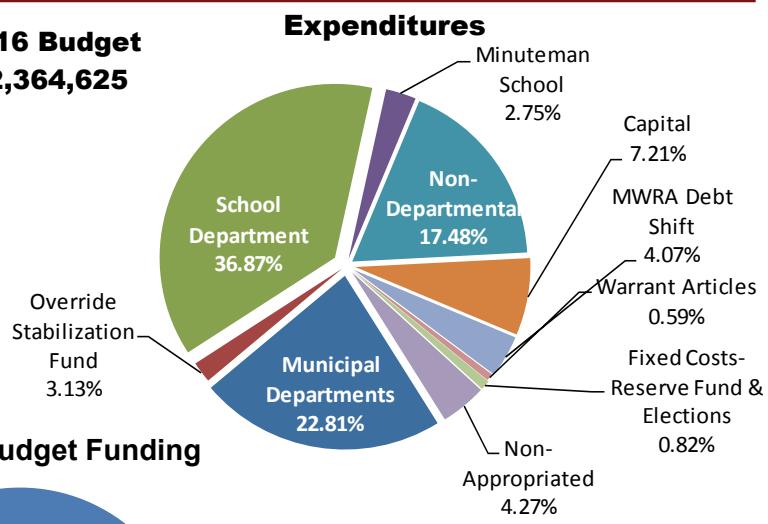
Page 3 compares Arlington's Average Single Family Tax Bill, Average New Growth, and Total Per Capita Spending with other, comparable communities, as well as the state average. These communities provide a reference point from which to understand Arlington's financial situation.

FY2016 Highlights can be found on **Page 4**. This includes information on debt exclusion overrides in 2016 to fund school improvements and on capital investments in improve pedestrian accessibility on Town sidewalks.

Where the Money Comes



...and Where it Goes



The School Budget is the largest department budget in the Town. In addition to Town contribution to this budget, some funding comes direct from outside revenue sources. This chart provides and overview of total funding. Details on the school budget may be found at: arlington.k12.ma.us/administration/budget

Budget Summary & FY2017 Projection

The summary provided below demonstrates the year-to-year growth between Fiscal Year 2016 and Fiscal Year 2017. This growth is consistent with the tenets of the Long Range Financial Plan. More detailed information and a glossary of terms, including the Town's long range financial plan can be found at: www.arlingtonma.gov/budget

| | FY2016 | FY2017 | \$ | Change |
|--|-----------------------|-----------------------|---------------------|---------------|
| | | | | % |
| Revenue | | | | |
| Property Tax | \$ 108,977,901 | \$ 111,926,606 | \$ 2,948,705 | 2.7% |
| Local Receipts | \$ 8,896,000 | \$ 8,971,000 | \$ 75,000 | 0.8% |
| State Aid | \$ 18,230,105 | \$ 18,640,235 | \$ 410,130 | 2.2% |
| School Construction Aid | \$ 2,474,773 | \$ 2,474,774 | \$ 1 | 0.0% |
| Free Cash | \$ 3,435,846 | \$ 4,537,299 | \$ 1,101,453 | 32.1% |
| Other Funds | \$ 350,000 | \$ 200,000 | \$ (150,000) | -42.9% |
| TOTAL REVENUES | \$ 142,364,625 | \$ 146,749,254 | \$ 4,384,629 | 3.1% |
| Expenditures | | | | |
| Municipal Departments | \$ 32,376,144 | \$ 33,425,116 | \$ 1,048,972 | 3.2% |
| School Department | \$ 53,574,114 | \$ 57,001,333 | \$ 3,427,219 | 6.4% |
| Minuteman School | \$ 4,010,950 | \$ 3,649,349 | \$ (361,601) | -9.0% |
| Non-Departmental (Healthcare & Pensions) | \$ 25,499,823 | \$ 26,562,327 | \$ 1,062,504 | 4.2% |
| Capital (Includes Debt Service) | \$ 10,231,100 | \$ 11,192,534 | \$ 961,434 | 9.4% |
| MWRA Debt Shift | \$ 5,593,112 | \$ 5,593,112 | \$ - | 0.0% |
| Warrant Articles | \$ 937,685 | \$ 811,299 | \$ (126,386) | -13.5% |
| Fixed Costs- Reserve Fund & Elections | \$ 1,287,760 | \$ 1,585,257 | \$ 297,497 | 23.1% |
| Override Stabilization Fund Deposit | \$ 2,782,763 | \$ 2,391,893 | \$ (390,870) | -14.0% |
| TOTAL EXPENDITURES | \$ 136,293,451 | \$ 142,212,220 | \$ 5,918,768 | 4.3% |
| Non-Appropriated Expenses | | | | |
| | \$ 6,071,173 | \$ 4,537,034 | \$ (1,534,139) | -25.3% |
| Surplus / (Deficit) | \$ - | \$ - | \$ - | 0.0% |

The **Average Single Family Tax Bill** is the average home value in a community multiplied by that community's property tax rate. While individual tax bills may vary according to individual home value, the Average Tax Bill is a good indicator of what the property tax burden is on residential taxpayers.

Due to relatively high home values, Arlington residents tend to pay a higher tax bill than the state average. While this places Arlington near the middle in terms of its comparable communities, it is still significantly below neighbors Belmont and Winchester.

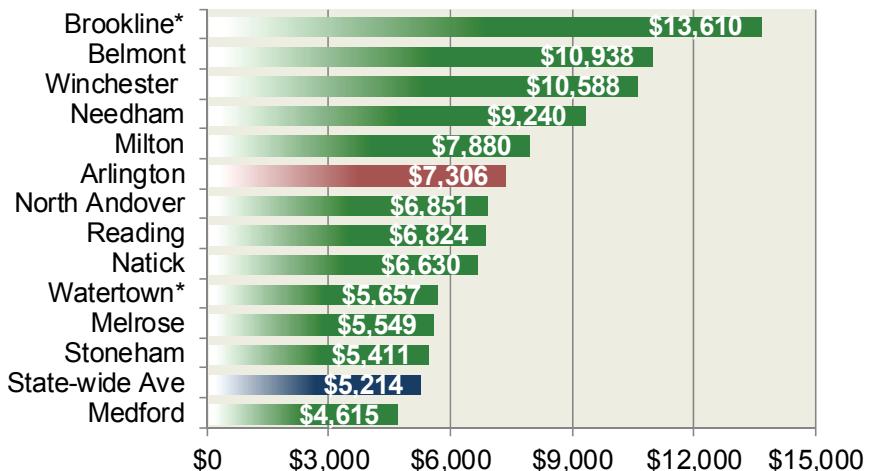
Average New Growth: Under Proposition 2½ local property taxes cannot be increased by more than 2.5% plus tax revenues from new construction added to the tax base. Consequently, for many communities, **New Growth** is an important revenue source.

Arlington's New Growth has exceeded the majority of its comparable communities, however it falls slightly short of the state-wide average.

Per Capita Spending is calculated from the Town's total expenditures divided by its population, which provides a point of comparison for how much the Town spends proportionate to its size. This makes it possible to compare spending between Towns while accounting for population.

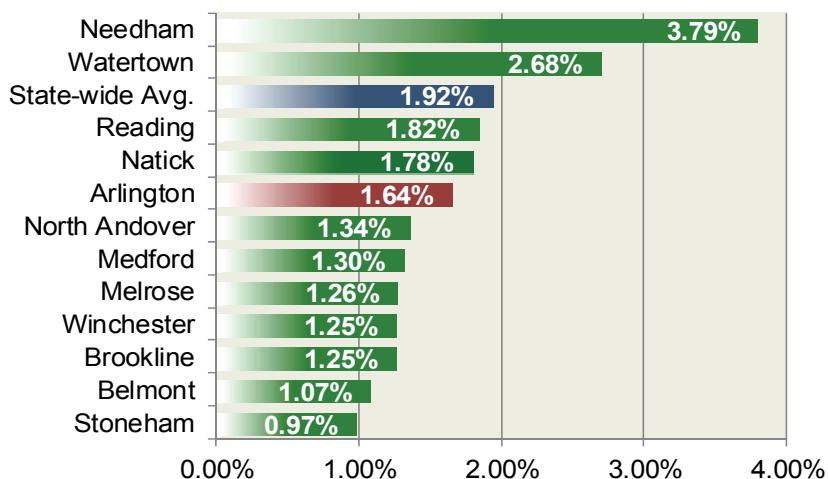
Arlington is in the bottom half of per capita spending relative to its comparable communities. It is also below the state average of \$3,312.

Average Single Family Tax Bill FY16



* Denotes these communities have a single family tax exemption included in the figure above.

Average New Growth FY14 - FY16



Total Per Capita Spending FY15



FY2016 Highlights

Investments in Schools

In 2016, Arlington voters approved four debt exclusion overrides, votes that temporarily increase property taxes to pay interest and principal costs for capital projects.

Minuteman Technical Vocational High School : Work has begun on the design phase when architects produce plans and building documents. Construction is scheduled to begin in the spring of 2017.

Arlington High School Study: This project is in its early phases, and the Town has received State approval to hire a Project Management firm that will assist the Town in and oversee the work of an Architectural firm. These firms will work with the School Department, School Committee, Town officials, teachers, staff, students, and community members to define the educational needs of the High School and produce design options and cost estimates.

Gibbs School: Growing enrollment throughout the Arlington School system has put pressure on the Ottoson Middle School's space capacity. This project will reclaim the Gibbs School from its use by several non-profit arts and educational organizations and renovate the current building into a modern town-wide sixth grade school building.

Thompson Elementary School: Enrollment pressures have been most severe in East Arlington where the Thompson Elementary School, which opened in 2011 has already outgrown its space. This project adds six classrooms to the end of the building.

Average Single Family Tax Impact

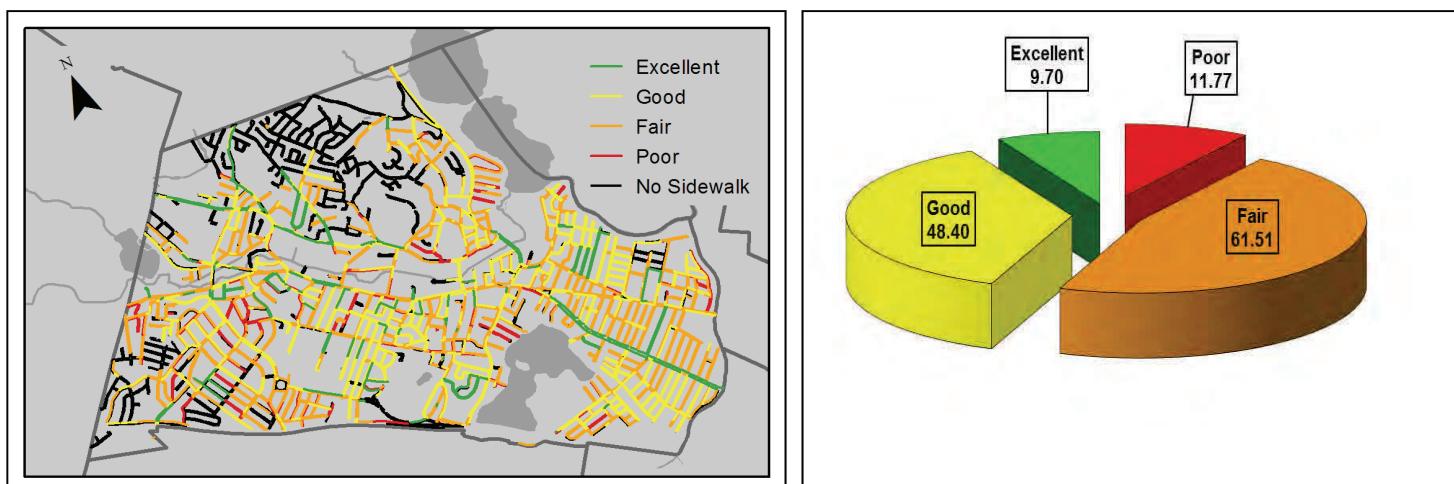
| | 2018 | 2019 | 2020 | 2021 |
|-----------|---------|---------|----------|----------|
| Minuteman | \$12.42 | \$86.97 | \$130.46 | \$130.46 |
| AHS Study | \$12.42 | \$12.42 | \$12.42 | \$12.42 |
| Gibbs | \$93.19 | \$93.19 | \$93.19 | \$93.19 |
| Thompson | \$12.42 | \$12.42 | \$12.42 | \$12.42 |



Pedestrian Accessibility Improvements

In 2014, The Town of Arlington retained Vanasse Hangen Brustlin, Inc. to develop an inventory of sidewalks, ramps, curbing and street tree issues on all Town roads. VHB inventoried the location of these features and key information such as material, condition and compliance issues. The inventory was undertaken in order to develop a comprehensive pedestrian sidewalk, ramp, curb and tree database describing the locations and conditions to better understand Arlington's pedestrian accessibility infrastructure. Starting in 2016, the Capital Improvement Plan dedicated \$500,000 to finance sidewalk improvements, with a goal of continuing that investment until the sidewalks are in good or excellent condition.

Arlington Sidewalk Condition Ratings



Receive timely news and notices from Town Hall via email with **Town of Arlington Notices**. Notices include public health and public works alerts, election information, special Town related events, and when the Town Manager's Annual Budget & Financial Plan is online. Subscribe today at: arlingtonma.gov/subscribe